

Accountancy Review

A Report of the Tennessee State Board of Accountancy

Summer 1997 Newsletter

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Board Meeting Notes

The Tennessee Legislature passed the proposed legislation made by the Tennessee Society of CPAs to amend the Accountancy Act, dealing with the allowance of commissions and contingent fees for CPAs. The changes in

By the end of August, you should receive your valid certificate which has been extended through December 1998. Odd numbered certificates, as well as all office registrations, will be renewed in December 1997.

This may be our last quarterly newsletter. We plan to print the newsletter at least annually and hope to furnish the TSCPA with news to release on a monthly basis. In addition, we hope to have a news page on the Internet no later than December 1997.

By the end of this calendar year, the Board intends to have information on the Internet tied to the State's web site. To expedite this task, the Board has hired a new staff member, Cherri Harris, to oversee this project. The Board's homepage will consist of the Accountancy Law and Rules; procedures and policies; forms; a listing of all active CPAs, PAs, and firms; information on the CPA and Ethics exams; CPE and CPE sponsors; and we hope much, much more. Our homepage is currently listed under the State of

the new law are effective on September 1, 1997 and state that a licensee can accept fees so long as there is no attest relationship and the client agrees to these fees in writing before the engagement begins. The Board is charged with promulgating regulations specifying the terms of these new laws. In order to facilitate the law changes the Board must propose rules regarding the acceptance of commissions and contingent fees by CPAs. In a lengthy discussion at

Tennessee, Department of Commerce and Insurance, Regulatory Boards Section, Accountancy Board or you can reach us at our e-mail address: tnsba@mail.state.tn.us.

Board Meeting Schedule

October 17, 1997 - Nashville

All Board meetings are public meetings. Licensees and others are welcome to attend. If you wish to attend, please contact the Board office for location and time information. If you wish to address the Board on an issue, please notify the Board office at least two weeks prior to the meeting to be placed on the agenda.

the June
Board
meeting, the
Board agreed
that there
must be a
window of
time elapsing
before you
will be
allowed to
receive
commissions
or contingent
fees from
those
formerly
engaged
clients. The
proposed
window is
twelve
months from
the date of
the last attest
report. The
Board will
reevaluate
the proposed
rule changes
at future
meetings. If
you have
questions or
concerns
please
contact our
office or a
board
member in
your area.

Effective

September 1,
the
Accountancy
Act will
require that
material
changes in
address or
other
registration
information
be mailed to
the Board
within 30
days. Failure
to notify the
Board could
result in your
CPA
certificate or
PA license
becoming
delinquent or
closed. If
you don't
want to take
the exam
again, notify
the Board
office in
writing
immediately
after any
change
occurs.

The even
numbered
extension
renewals
were mailed
June 25.
Information

is requested
along with a
fee of \$50.
There have
been
problems
that are
being
worked out,
so if you
have
received a
certificate
with a 1997
expiration
date - don't
panic.

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Dead Beat Parents Will Lose Their Certificate or License

If you are a "dead beat parent" as defined by the Tennessee Department of Human Services you will lose your certificate or license if they report you to our office.

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Noncompliance in Governmental Audits

Every month the Comptroller's office sends us copies of letters written to practice units/offices that fail to comply with the appropriate standards. Periodically, we check these letters to determine if, in our opinion, a complaint should be filed. Because your contract is approved by the state and affects the public we have a responsibility to evaluate your work product. Some of you may have complaints filed against you by the Comptroller's office or by our Board because of these letters. Be very aware of your needed compliance with governmental auditing standards. We don't want to pursue complaints generated by a lack of compliance in this area. Stay current. Accept engagements that you are qualified to perform and don't become one of our statistics.

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CPE Audits

CPE audits will occur on a more frequent basis in the future. The Board has approved recommendation to begin a monthly audit process in late April through November of each year. Every certificate is subject to audit annually so be ready to furnish your support documentation when your number comes up. One of our staff members will be asking for your support records to determine compliance with the law. CPE is mandatory by law in Tennessee as well as paying a biennial license fee. Failure to comply with either will make your certificate delinquent. If not corrected within twelve months your certificate will be closed and you will no longer be a Tennessee CPA. Don't jeopardize your license, you sure don't want to retake the exam!

Audits currently in process will be completed by Thanksgiving. As audits are completed records will be returned. If you have received your records your audit is complete.

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Tips for Tax Practitioners

Tax practices are a key source of revenue for CPAs. Although tax preparation software is readily available to simplify and expedite the tax preparation process, more than 50% of all claims against practitioners insured with the AICPA Professional Liability Insurance Program arise from tax engagements.

The most common tax claims presented against AICPA policyholders are mathematical or filing errors. Here are some tips to avoid these types of claims.

- Double check all computations prior to inputting data.
- Compare current year income, deductions and tax treatment to the prior year's return.
- Utilize existing quality controls built into tax preparation software and have an associate check your work.
- Use your daily tickler system, adhere to strict internal guidelines.
- Don't assume that your clients filing status is unchanged unless you have clearly assigned to the client in an engagement letter the responsibility for determining status.
- Issue engagement letters whenever possible, and document all discussions with the client both in your paper work file and in a letter to the the client.

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Changes in Board and Staff

Governor Don Sundquist recently appointed Deborah Henderson, Attorney; Maxie O. Patton, CPA; and Grady P. Williams, CPA as members of the Board. Thanks to outgoing Board Members Joy Sims, Attorney; Robert Davidson, CPA; and Doug Warren, CPA for their many years of service to the Board.

Also, the Board recently hired two new staff members. Leona Holston joined our staff in May, coming to the Board from the Fire Prevention Section. Leona will be our receptionist and will be responsible for our office/practice unit/firm licensing. Cherri Harris joined our staff in June, coming to the Board from the Tennessee Bureau of Investigation. Cherri will be responsible for creating and maintaining our homepage on the Internet and for computer technology. Marsha Hathaway has left to start her own business.

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